

DEPARTMENT OF THE TREASURY

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DEPARTMENT OF THE TREASURY

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The mission of the Department of the Treasury (the Treasury) is to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options, and by assisting Treasury ministers in the administration of their responsibilities and the implementation of government decisions.

Recent natural disasters have come at significant human cost and caused considerable destruction of assets and livelihoods. The economic effects of the recent floods and Cyclone Yasi, and the disastrous events in Japan and New Zealand are, however, temporary, and the outlook is for strong growth, low unemployment and moderate inflation. The positive outlook is underpinned by expected continued strong demand for commodity exports from the Asian region, high terms of trade, and a surge in mining-related business investment. With the economy in good shape, the policy priority is to harness the opportunities created by the mining boom, including through investment in infrastructure and skills development, coupled with further microeconomic reform. With the economy already close to capacity, this requires the movement of resources to the most productive parts of the economy.

The Treasury will focus on providing advice on key risks facing the global economy, including sovereign debt concerns in major advanced economies, high oil prices, inflationary pressures in emerging markets and the economic implications of events in Japan. Particular focus will also be placed on assessing the implications for Australia of economic developments in China and other emerging economies.

The Treasury will continue to support the Government to implement its fiscal strategy. This will involve advice on effective government spending and effective taxation and retirement income arrangements, as well as debt management policy. Underpinning the provision of policy advice on fiscal policy are timely and high quality assessments of domestic and international economic conditions.

The *2010 Intergenerational Report* identified a number of long-term challenges for the Australian economy, including an ageing and growing population, climate change, escalating pressures in the health system and the need to support sectoral and regional structural adjustment in the face of a continued commodities boom.

The Treasury will continue to provide advice to the Government on responding to each of these challenges. In particular, over the next year, the Treasury will continue to provide policy advice to the Government on climate change, regional policy, water reform (including in the Murray-Darling Basin), problem gambling, disability services, aged care, Indigenous policy, and skills and education.

The Treasury will also continue to provide policy advice on federal financial relations arrangements, including working with the state and territory governments to deliver national health reform to provide a secure funding partnership for hospitals into the future. The Treasury will also support the review of the distribution of revenue from the Goods and Services Tax (GST) to deliver a simpler, fairer, more predictable and more efficient distribution of the GST to the states and territories.

In 2011-12, the Treasury will have the primary role in assisting the Government to implement its tax reform agenda including improved resource tax arrangements, a cut to the company tax rate, more generous depreciation arrangements for small business and an increase to the Superannuation Guarantee. The Treasury will also organise the tax forum to enable further discussion of the *Australia's Future Tax System* report and to build on the Government's tax reform agenda.

As its top international engagement priority, the Treasury will continue its deep engagement in the G-20 agenda. In its role as Chair for 2011, France's ambitious agenda necessitates sustained Treasury engagement on the Framework for Strong, Sustainable and Balanced Growth, commodity price issues, reform of the international monetary system and the financial reform agenda. The Treasury will also continue to participate in the OECD and the Global Forum to enhance the effectiveness of implementing international standards of tax information and transparency, as well as maintaining close engagement with the International Monetary Fund and the multilateral development banks. The Treasury will continue its efforts to entrench an East Asia Summit Finance Ministers' Meeting and will remain engaged in the APEC Finance Ministers' Process.

The Treasury will continue to pursue sound regulatory and competition reforms aimed at improving Australia's productivity and international competitiveness. This includes the implementation of a single national consumer policy framework through the Australian Consumer Law, maintaining the effectiveness of Australia's competition law framework, promotion of efficient use of national infrastructure, including in transport, communication and energy markets, and implementation of the National Broadband Network. This work also includes providing advice on the reform of regulatory frameworks for securities markets, financial advice, corporate governance and consumer credit.

In addition, the Treasury will provide advice with the aim of ensuring that the financial system remains robust, competitive and dynamic in order to promote macroeconomic stability and market confidence. The Treasury will continue to

monitor prudential frameworks applying to the banking sector, insurers and superannuation funds.

It will also support the independent National Disasters Insurance Review, which is scheduled to report to the Government by 30 September 2011, and will continue to implement the Government's Stronger Super reforms and the Competitive and Sustainable Banking package.

The Treasury will continue to work with the Foreign Investment Review Board to ensure that the foreign investment screening framework maintains the right balance between protecting Australia's national interest and ensuring that Australia remains an attractive destination for foreign capital.

The government infrastructure of Standard Business Reporting (SBR), a multi agency initiative led by the Treasury, was delivered in July 2010. SBR aims to reduce the compliance reporting burden experienced by business in reporting to government. The Treasury will continue to lead the ongoing design and extension of the SBR capabilities, and administrative arrangements involving reporting to government.

The Treasury's policy advice is underpinned by its ability to analyse and anticipate economic issues. Over the period ahead, the Treasury will draw on the depth of expertise across all areas of the organisation to meet the long-term policy challenges facing Australia.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2011-12 as at Budget May 2011

| | Estimate of prior year amounts available in 2011-12 \$'000 | + | Proposed at Budget 2011-12 \$'000 | = | Total estimate 2011-12 \$'000 | Actual available appropriation 2010-11 \$'000 |
|---|---|--------------|--|--------------|--|---|
| Ordinary annual services | | | | | | |
| Departmental | | | | | | |
| Prior year departmental appropriation | 75,474 | ⁵ | - | | 75,474 | - |
| Departmental appropriation ³ | - | | 157,072 | ¹ | 157,072 | 167,728 |
| Receipts from other sources (s31) | - | | 12,610 | ⁴ | 12,610 | 9,398 |
| Total departmental | 75,474 | | 169,682 | | 245,156 | 177,126 |

Table 1.1: Department of the Treasury resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

| | Estimate of prior year amounts available in 2011-12 \$'000 | Proposed at Budget 2011-12 \$'000 | = Total estimate 2011-12 \$'000 | Actual available appropriation 2010-11 \$'000 |
|--|---|--|---|---|
| Administered expenses | | | | |
| Outcome 1 | - | 16,685 ¹ | 16,685 | 38,378 |
| Total administered expenses | - | 16,685 | 16,685 | 38,378 |
| Total ordinary annual services | A 75,474 | 186,367 | 261,841 | 215,504 |
| Other services | | | | |
| Departmental non-operating | | | | |
| Equity injections | - | 583 ² | 583 | 1,395 |
| Total | - | 583 | 583 | 1,395 |
| Administered non-operating | | | | |
| Administered assets and liabilities | | | | |
| Outcome 1 | - | 62,708 ² | 62,708 | 162,265 |
| Total | - | 62,708 | 62,708 | 162,265 |
| Total other services | B - | 63,291 | 63,291 | 163,660 |
| Total available annual appropriations (A+B) | 75,474 | 249,658 | 325,132 | 379,164 |
| Special appropriations | | | | |
| Asian Development Bank (Additional Subscription) Act 2009 | - | 15,812 | 15,812 | 18,687 |
| Car Dealership Financing Guarantee Appropriation Act 2009 | - | - | - | 4,922 |
| Federal Financial Relations Act 2009 | - | 68,062,520 | 68,062,520 | 63,440,835 |
| International Monetary Agreements Act 1947 | - | 2,379,146 | 2,379,146 | 530,651 |
| Superannuation Industry (Supervision) Act 1993 | - | - | - | 55,000 |
| Total special appropriations | C - | 70,457,478 | 70,457,478 | 64,050,095 |
| Total appropriations excluding special accounts (A+B+C) | 75,474 | 70,707,136 | 70,782,610 | 64,429,259 |
| Special accounts | | | | |
| Opening balance ⁶ | 2,205 | - | 2,205 | - |
| Non-appropriation receipts to special accounts | - | 16,540,180 | 16,540,180 | 20,412,407 |
| Total special account | D 2,205 | 16,540,180 | 16,542,385 | 20,412,407 |
| Total resourcing (A+B+C+D) | 77,679 | 87,247,316 | 87,324,995 | 84,841,666 |
| Less receipts from other sources credited to special accounts | - | 1,629 | 1,629 | 1,629 |
| Total net resourcing for the Treasury | 77,679 | 87,245,687 | 87,323,366 | 84,840,037 |

1. Appropriation Bill (No. 1) 2011-12.

2. Appropriation Bill (No. 2) 2011-12.

3. Includes \$6.5 million in 2011-12 for the Departmental Capital Budget (also refer to Table 3.2.5).

4. Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

5. Estimated adjusted balance carried forward from previous year.

6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to the Treasury are detailed in Budget Paper No. 2, *Budget Measures 2011-12* and are summarised below.

Table 1.2: Department of the Treasury 2011-12 Budget measures

| | Program | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| A Tax Plan For Our Future - | | | | | | |
| Tax Forum | 1.1 | - | 926 | - | - | - |
| Advisory Panel on the Economic Potential of Senior Australians | | | | | | |
| | 1.1 | - | - | - | - | - |
| Competitive and Sustainable Banking System reform plan - public awareness and education campaign | | | | | | |
| | 1.1 | 10,158 | 4,841 | - | - | - |
| Distribution of the Goods and Services Tax - Review | | | | | | |
| | 1.1 | - | 790 | 178 | - | - |
| Efficiency Dividend - temporary increase in the rate | | | | | | |
| | 1.1 | - | (742) | (1,471) | (1,741) | (2,111) |
| Tackling Climate Change - emissions reduction modelling - continuation | | | | | | |
| | 1.1 | - | 3,264 | 3,296 | - | - |
| Centre for International Finance and Regulation - transfer | | | | | | |
| | 1.3 | - | 2,573 | 4,500 | 4,000 | 1,000 |
| Superannuation - financial assistance grants to compensate fund members for the failure of Trio | | | | | | |
| | 1.3 | 55,000 | - | - | - | - |
| Fringe benefits tax - reform of the car fringe benefits rules | | | | | | |
| | 1.4 | - | 5,000 | 10,000 | 15,000 | 20,000 |
| GST | | | | | | |
| - treatment of new residential premises | | | | | | |
| | 1.4 | 15,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| - treatment of property in possession of a mortgagee | | | | | | |
| | 1.4 | - | - | - | - | - |
| - certain supplies to health insurers | | | | | | |
| | 1.4 | - | - | - | - | - |
| - Government response to Board of Taxation report: minor changes | | | | | | |
| | 1.4 | - | * | * | * | * |
| - providing businesses in a net refund position with access to the GST instalment system | | | | | | |
| | 1.4 | - | - | * | * | * |
| Tax compliance - reporting taxable payments | | | | | | |
| | 1.4 | - | - | 7,900 | 16,500 | 17,200 |

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

| | Program | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| (continued) | | | | | | |
| Animal and Plant Pest and Disease Eradication Programs - meeting existing commitments | | | | | | |
| | 1.10 | 12,635 | 2,770 | - | - | - |
| Building Australia's Future Workforce | | | | | | |
| - National Partnership for Vocational Education and Training | | | | | | |
| | 1.10 | - | - | (137,500) | 238,400 | (137,500) |
| - training places for single and teenage parents | | | | | | |
| | 1.10 | - | 6,666 | 20,000 | 26,667 | 26,667 |
| Centenary of Canberra | | | | | | |
| - a gift to the national capital | | | | | | |
| | 1.10 | - | 27,000 | 25,000 | 5,000 | 5,000 |
| - contribution to a joint national program | | | | | | |
| | 1.10 | - | 2,600 | 2,040 | 991 | - |
| Drought Assistance | | | | | | |
| - Exceptional Circumstances assistance for primary producers | | | | | | |
| | 1.10 | 2,733 | 8,199 | - | - | - |
| - Exceptional Circumstances assistance for small businesses | | | | | | |
| | 1.10 | 53 | 158 | - | - | - |
| Drought policy reform - pilot of new measures in Western Australia - extension and expansion | | | | | | |
| | 1.10 | - | 13,400 | 6,700 | - | - |
| Health and Hospitals Fund - Regional Priority Round | | | | | | |
| | 1.10 | - | 66,590 | 95,506 | 192,170 | 265,800 |
| Nation Building | | | | | | |
| - additional funding for the Pacific Highway | | | | | | |
| | 1.10 | - | 131,000 | 99,000 | 220,000 | (400,000) |
| - rail infrastructure - Moreton Bay Rail Link | | | | | | |
| | 1.10 | - | 30,000 | 20,000 | 83,000 | (192,000) |
| Nation Building Program - F3 to Sydney Orbital feasibility study - deferral | | | | | | |
| | 1.10 | - | - | - | (150,000) | - |
| National Health Reform Agreement - change in payment arrangements | | | | | | |
| | 1.10 | 80,000 | 40,000 | (120,000) | - | - |
| National Immunisation Program | | | | | | |
| - addition of Prevenar 13 [®] | | | | | | |
| | 1.10 | - | (565) | (764) | (775) | (785) |
| - Prevenar 13 [®] vaccine - catch up program | | | | | | |
| | 1.10 | - | 29,271 | 10,449 | 230 | - |

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

| | Program | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expense measures | | | | | | |
| (continued) | | | | | | |
| National Mental Health Reform | | | | | | |
| - Early Psychosis Prevention and Intervention Centre model - further expansion | 1.10 | - | 2,215 | 22,315 | 44,315 | 70,200 |
| - National Partnership Agreement on Mental Health | 1.10 | - | 21,352 | 43,473 | 44,269 | 45,049 |
| National Solar Schools Program - redesign | 1.10 | - | (19,041) | (13,719) | (35,812) | (46,563) |
| National Transport Regulators - additional funding | 1.10 | - | 3,200 | 1,600 | - | - |
| Natural Disaster Recovery and Rebuilding | | | | | | |
| - assistance to business affected by the Queensland Floods | 1.10 | 6,300 | 6,300 | - | - | - |
| - assistance to business affected by Tropical Cyclone Yasi | 1.10 | 15,600 | 5,600 | - | - | - |
| - assistance to individuals affected by floods in Queensland and other states | 1.10 | 200 | - | - | - | - |
| - assistance to Queensland local governments | 1.10 | 213,600 | - | - | - | - |
| - deferral of other infrastructure projects | 1.10 | (118,200) | (369,000) | (295,000) | (27,800) | 190,000 |
| - donation to the Perth Lord Mayor's Appeal Fund | 1.10 | 1,000 | - | - | - | - |
| - donations to flood appeals | 1.10 | 13,100 | - | - | - | - |
| - reinstatement of infrastructure projects in Queensland | 1.10 | (4,300) | (31,300) | (349,200) | (76,900) | 136,300 |
| - withdrawal of funding for O-Bahn city access project | 1.10 | (27,100) | (28,900) | - | - | - |
| Regional Infrastructure Fund | | | | | | |
| - administration | 1.10 | - | (1,771) | (1,929) | (1,947) | (1,964) |
| - Mackay Ring Road | 1.10 | 9,500 | (2,000) | (2,000) | (5,500) | - |
| - Scone Level Crossing | 1.10 | 1,800 | (1,000) | (800) | - | - |
| Schools - Support for Improving Learning Experiences and Educational Outcomes for School Students with Disability | 1.10 | - | 61,200 | 61,400 | 30,700 | - |
| Sustainable Australia - managed motorways | 1.10 | - | 19,952 | 20,046 | 20,042 | - |

Table 1.2: Department of the Treasury 2011-12 Budget measures (continued)

| | Program | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capital measures | | | | | | |
| Efficiency Dividend - temporary increase in the rate | 1.1 | - | (33) | (66) | (84) | (105) |
| Australia's International Monetary Fund Quota - increase | 1.2 | - | - | - | - | - |
| Nation Building - rail infrastructure - Moreton Bay Rail Link | 1.10 | - | - | - | - | - |

Prepared on a government finance statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The Treasury's outcome is described below, specifying the strategy, program, objective, deliverables and key performance indicators used to assess and monitor the performance of the Treasury.

Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations

Outcome 1 strategy

The Treasury contributes to this outcome by providing a range of policy advice to Treasury ministers and government. More specifically the Treasury will provide advice on:

- macroeconomic policy, based on careful monitoring and analysis of economic conditions in Australia and overseas;
- fiscal strategy, budget priorities and measures, and debt and balance sheet management, as well as a budget coordination role;
- Commonwealth-State financial policy, industry, environment and defence policy and housing, social and income support policy;
- taxation and retirement income arrangements consistent with the Government's reform priorities;
- policies that promote competitive, efficient markets and that work to enhance consumer wellbeing, a secure financial system and sound corporate practices, and foreign investment consistent with Australia's national interest;

- policies that promote well regulated, competitive and efficient infrastructure and address supply constraints in the housing market that impact on housing affordability;
- a range of international economic policy issues, including strengthening multilateral regimes underpinning open trade and capital flows, supporting developing countries' development aspirations, and shaping the evolution of regional economic architecture; and
- the administration of a range of payments which are reported in Programs 1.2 to 1.10.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1 by program.

Table 2.1: Budgeted expenses for Outcome 1

| Outcome 1: Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations | 2010-11 Estimated actual expenses \$'000 | 2011-12 Estimated expenses \$'000 |
|---|--|--|
| Program 1.1: Department of the Treasury | | |
| Departmental expenses | | |
| Departmental appropriation | 166,567 | 162,118 |
| Special accounts | 1,629 | 1,629 |
| Expenses not requiring appropriation in the Budget year | 11,336 | 11,336 |
| Administered expenses | | |
| Other services (Appropriation Bill No. 1) | 10,439 | 13,437 |
| Total for Program 1.1 | 189,971 | 188,520 |
| Program 1.2: Payments to International Financial Institutions | | |
| Administered expenses | | |
| Special appropriations | 18,892 | 22,936 |
| Expenses not requiring appropriation | 28,601 | - |
| Total for Program 1.2 | 47,493 | 22,936 |
| Program 1.3: Support for Markets and Business | | |
| Administered expenses | | |
| Other services (Appropriation Bill No. 1) | 675 | 3,248 |
| Special appropriations | 55,000 | - |
| Total for Program 1.3 | 55,675 | 3,248 |
| Program 1.4: General Revenue Assistance | | |
| Administered expenses | | |
| Special appropriations | 45,450,000 | 48,350,000 |
| Special accounts | 1,073,515 | 1,108,757 |
| Total for Program 1.4 | 46,523,515 | 49,458,757 |

Table 2.1: Budgeted Expenses for Outcome 1 (continued)

| Outcome 1 (continued) | 2010-11 Estimated actual expenses \$'000 | 2011-12 Estimated expenses \$'000 |
|---|--|--|
| Program 1.5: Assistance to the States for Healthcare Services | | |
| Administered expenses | | |
| Special appropriations | 11,988,322 | 12,805,485 |
| Total for Program 1.5 | 11,988,322 | 12,805,485 |
| Program 1.6: Assistance to the States for Government Schools | | |
| Administered expenses | | |
| Special appropriations | 3,550,652 | 3,774,819 |
| Total for Program 1.6 | 3,550,652 | 3,774,819 |
| Program 1.7: Assistance to the States for Skills and Workforce Development | | |
| Administered expenses | | |
| Special appropriations | 1,339,358 | 1,363,132 |
| Total for Program 1.7 | 1,339,358 | 1,363,132 |
| Program 1.8: Assistance to the States for Disabilities Services | | |
| Administered expenses | | |
| Special appropriations | 1,052,019 | 1,221,915 |
| Total for Program 1.8 | 1,052,019 | 1,221,915 |
| Program 1.9: Assistance to the States for Affordable Housing | | |
| Administered expenses | | |
| Special appropriations | 1,221,831 | 1,242,603 |
| Total for Program 1.9 | 1,221,831 | 1,242,603 |
| Program 1.10: National Partnership Payments to the States | | |
| Administered expenses | | |
| Special accounts | 16,314,084 | 14,932,042 |
| Total for Program 1.10 | 16,314,084 | 14,932,042 |
| Outcome 1 Totals by appropriation type | | |
| Administered expenses | | |
| Other services (Appropriation Bill No. 1) | 11,114 | 16,685 |
| Special appropriations | 64,676,074 | 68,780,890 |
| Special accounts | 17,387,599 | 16,040,799 |
| Expenses not requiring appropriation | 28,601 | - |
| Departmental expenses | | |
| Departmental appropriation | 166,567 | 162,118 |
| Special accounts | 1,629 | 1,629 |
| Expenses not requiring appropriation in the Budget year | 11,336 | 11,336 |
| Total expenses for Outcome 1 | 82,282,920 | 85,013,457 |
| | 2010-11 | 2011-12 |
| Average staffing level (number) | 1,010 | 960 |

Contributions to Outcome 1

Program 1.1: Department of the Treasury

Program objective

The objectives of the Treasury are:

- promoting a sound macroeconomic environment by monitoring and assessing economic conditions and prospects both in Australia and overseas, and providing advice on macroeconomic policy including fiscal and monetary policy;
- promoting effective government spending arrangements that contribute to the overall fiscal outcomes, influence strong sustainable economic growth and improve the wellbeing of Australians;
- developing effective taxation and retirement income arrangements consistent with the Government's reform priorities; and
- ensuring well functioning markets by providing advice on policies that promote competitive, efficient markets and that work to enhance consumer and investor wellbeing, a secure financial system and sound corporate practices, and foreign investment consistent with Australia's national interest.

Program expenses

Changes in estimates for the forward years predominantly reflect the impact of budget measures.

Table 2.2: Program 1.1 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|-------------------------------|--|-----------------------------|--|--|--|
| Departmental expenses | | | | | |
| Departmental items | 179,532 | 175,083 | 169,013 | 161,224 | 162,490 |
| Total departmental expenses | 179,532 | 175,083 | 169,013 | 161,224 | 162,490 |
| Administered expenses | | | | | |
| Other services | 10,439 | 13,437 | - | - | - |
| Total administered expenses | 10,439 | 13,437 | - | - | - |
| Total program expenses | 189,971 | 188,520 | 169,013 | 161,224 | 162,490 |

Program deliverables

The Treasury has four groups that contribute to the achievement of its outcome.

Macroeconomic Group

In 2011-12, Macroeconomic Group will provide advice on:

- domestic and international developments affecting the Australian economy and forecasts of the direction of the Australian and international economies; and
- the setting of sound macroeconomic policies and assessments of government policies.

Macroeconomic Group will also enhance its engagement with the G-20 and regional financial forums, and support and reform the international financial institutions, particularly the International Monetary Fund and World Bank, and further enhance its engagement with China, India, Indonesia and the south-west Pacific reflecting their importance for Australia.

Fiscal Group

In 2011-12, Fiscal Group will provide advice on:

- fiscal strategy which aims to ensure fiscal sustainability over the economic cycle;
- effective government spending arrangements which contribute to improving the wellbeing of Australians;
- strategies that address intergenerational challenges, including social, fiscal and environmental sustainability;
- a range of policy issues including climate change, problem gambling, health reform and regional economics; and
- Commonwealth-State financial relations, including a review of the Goods and Services Tax distribution to the States and Territories.

Fiscal Group will also coordinate the preparation of the Commonwealth Budget and other documents required under the *Charter of Budget Honesty Act 1998* and support Commonwealth-State relationships through the coordination and delivery of various Commonwealth-State forums.

Revenue Group

In 2011-12, Revenue Group will provide advice on:

- implementation of the Government's taxation and retirement income reform agenda including a standard tax deduction for work related expenses, a tax discount for income interest, the introduction of a Minerals Resource Rent Tax and extension to the Petroleum Resource Rent Tax, a cut in the company tax rate, more generous depreciation arrangements for small business, an increase to the superannuation guarantee rate and other superannuation reforms arising from the Government's Stronger, Fairer, Simpler package and the Superstream and Self Managed Superannuation Fund elements of the Stronger Super package;

- implementation of the Government's 2011-12 Budget decisions that relate to taxation and retirement income arrangements;
- implementation of other Government tax initiatives including the trusts review, research and development tax incentives, specific taxation arrangements for the shipping industry, a new tax regime for Managed Investment Trusts, a household assistance package in support of a price on carbon pollution, increased flexibility for first home saver accounts, not-for-profit sector reforms, foreign source income attribution rules, alternative fuels, sovereign investments and the Tax System Advisory Board;
- delivering the tax forum;
- Australia's participation in international forums, including the OECD, G-20 and the Global Forum in relation to international standards of tax information and transparency;
- a modernised tax treaty network and revised international tax rules which enhance Australia's international attractiveness but address risks from harmful tax jurisdictions; and
- the costs and impacts of tax and retirement income proposals, measures and expenditures, including their distributional impact and overall efficiency.

Markets Group

In 2011-12, Markets Group will provide advice on:

- measures to promote competition, macroeconomic stability and market confidence, including advice on prudential frameworks applying to the banking sector, insurers and superannuation funds;
- the Government's Stronger Super reforms and the Competitive and Sustainable Banking package, and support the independent Natural Disaster Insurance Review which is scheduled to report to the Government by 30 September 2011;
- financial services and corporate reform matters which address emerging issues in investor protection and consumer financial protection, corporate governance and financial reporting, and market integrity;
- initiatives arising from the Australian Financial Centre Forum to strengthen Australia as a regional financial services centre;
- measures to promote the efficient use of national infrastructure, including in transport, communication and energy markets, and improve the responsiveness of the supply side of the housing market;

- completing the implementation of the Australian Consumer Law and the National Consumer Credit Law, and continuing to develop the Phase 2 reforms of the National Consumer Credit Law;
- foreign investment proposals to ensure that they are not contrary to Australia's national interest, and representing Australia's interests on investment and financial service issues in negotiating free trade agreements;
- Standard Business Reporting (SBR), and lead the design and ongoing governance of SBR, including strategic directions, stakeholder take-up, international leadership, architectural and technical leadership and support, the future evolution of SBR services to support future policies and administrative arrangements, and support and priority being maintained for SBR within participating agencies; and
- actuarial matters through the Australian Government Actuary which provides actuarial services to the Government, the Treasury and other agencies.

Program key performance indicators

The Treasury has the following key performance indicators:

- Advice meets the Government's needs in administering its responsibilities and making and implementing decisions. Advice is timely, of high quality, and is based on an objective and thorough understanding of issues and a whole-of-government perspective. The degree of client satisfaction with the quality and timeliness of the advice provided is assessed through feedback mechanisms;
- Timely, high-quality, accurate and transparent Budget, Mid-Year Economic and Fiscal Outlook and Final Budget Outcome documents that meet the expectations of the Government, the Parliament and the public. The budget preparation and coordination process is subject to an annual evaluation;
- Published reports and other information stimulate and inform government and public debate through robust analysis, modelling and research. Publications are timely, high quality and widely available to the public;
- Legislation progressed by the Treasury is in accordance with the principles of good law design and is delivered according to government priorities;
 - the majority of prospective tax and retirement income legislation is ready to be introduced into Parliament within 12 months, and the majority of retrospective tax and retirement income legislation within six months, of the Government announcing it; and
 - at least one tax or retirement income legislative measure is the subject of a post-implementation review annually.

Program 1.2: Payments to International Financial Institutions

Program objective

Payments are made to the International Monetary Fund (IMF), under the *International Monetary Agreements Act 1947*, to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustments.

Payments are made to other international financial institutions, as required, to facilitate the achievement of government objectives in international forums, including strengthening the international financial system, support for development objectives through the multilateral development banks, and multilateral debt relief.

Program expenses

There are no significant variations to expenses over the forward years. Only expense items are recorded in Table 2.3. Substantial payments are also made to the international financial institutions as administered capital. These payments are shown in Tables 1.1 and 3.2.10.

Table 2.3: Program 1.2 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Administered expenses | | | | | |
| Special appropriations | | | | | |
| <i>International Monetary Agreements Act 1947</i> | 18,892 | 22,936 | 22,971 | 23,175 | 23,349 |
| Expenses not requiring appropriation ¹ | 28,601 | - | - | - | - |
| Total program expenses | 47,493 | 22,936 | 22,971 | 23,175 | 23,349 |

1. Expenses not requiring appropriation relates to estimated foreign exchange rate movements.

Program deliverables

Payments to international financial institutions, including the IMF, are made with due regard to minimising cost and risk for Australia.

Program key performance indicators

Financial transactions with the international financial institutions, including the IMF, are timely and accurate.

Program 1.3: Support for Markets and Business

Program objective

The Centre for International Finance and Regulation will provide opportunities for research into innovation and development in the global financial sector and best practice financial regulation. Also refer to Budget Paper No. 2, *Budget Measures 2011-12*.

Payments are made in respect of insurance claims arising from the residual Housing Loans Insurance Company Limited portfolio. The Housing Loans Insurance Company Limited pre-transfer contract portfolio will be managed to ensure all liabilities arising from claims under this portfolio are met and any related debts are recovered.

Payments of assistance are also made to eligible HIH insurance policy holders under the HIH Claims Support Scheme under this program. Payments are not classified as expenses and therefore do not appear in Table 2.4. The HIH Claims Support Scheme is now focused on finalising remaining claims so assistance can be paid, and the claims portfolio wound-up.

Program expenses

The variation in estimates across the forward years predominantly relate to the funding profile for the Centre for International Finance and Regulation.

Table 2.4: Program 1.3 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|--|--|-----------------------------|--|--|--|
| Administered expenses | | | | | |
| Annual appropriations | | | | | |
| Centre for International Finance and Regulation ¹ | - | 2,573 | 4,500 | 4,000 | 1,000 |
| Housing Loan Insurance Company Limited - payments in respect of insurance claims | 675 | 675 | 675 | 675 | 675 |
| Special appropriations | | | | | |
| Superannuation Industry (Supervision) Act 1993 | | | | | |
| - Superannuation fund assistance grant ¹ | 55,000 | - | - | - | - |
| Total program expenses | 55,675 | 3,248 | 5,175 | 4,675 | 1,675 |

1. This also appears in Table 1.2 Budget Measures.

Program deliverables

The Centre for International Finance and Regulation will be established at a host university or consortium of universities selected through a competitive tender process.

Payments of claims arising from the Housing Loans Insurance Company Limited old book and assistance under the HIH Claims Support Scheme are made according to agreed schedules.

Program key performance indicators

The Centre for International Finance and Regulation will be established during 2011-12. Payments will be accurately determined and made according to the agreed funding schedule.

Payments of claims arising from the Housing Loans Insurance Company Limited old book and assistance under the HIH Claims Support Scheme are accurately determined and are made according to agreed schedules.

Program 1.4: General Revenue Assistance

Program objective

The Government will make general revenue assistance payments to the States and Territories. General revenue assistance payments consist of:

- payments of revenue received from the GST, which in accordance with the *Intergovernmental Agreement on Federal Financial Relations*, the Commonwealth administers on behalf of the States, which are provided without conditions for each State and Territory to spend according to their own budget priorities;
- payments to the Australian Capital Territory to assist in meeting the additional municipal costs which arise from Canberra's role as the national capital and to compensate for the additional costs resulting from the national capital planning influences on the provision of water and sewerage services;
- payments to Western Australia to compensate for the loss of royalty revenue resulting from the removal in the 2008-09 Budget of the exemption of condensate from crude oil excise;
- payments to Western Australia as a share of royalties collected by the Commonwealth under the *Offshore Petroleum (Royalty) Act 2006* in respect of the North West Shelf oil and gas project off the coast of Western Australia;
- payments to the Northern Territory in lieu of royalties on uranium mining in the Ranger Project Area due to the Commonwealth's ownership of uranium in the Northern Territory; and
- payments to New South Wales and Victoria to compensate for Commonwealth taxes paid by Snowy Hydro Ltd in proportion to the States' shareholdings.

Elements of this program are linked to the Resources, Energy and Tourism portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.5: Program 1.4 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| GST Revenue Entitlements - <i>Federal Financial Relations Act 2009</i> | 45,450,000 | 48,350,000 | 51,750,000 | 54,700,000 | 57,400,000 |
| Special accounts | | | | | |
| COAG Reform Fund | | | | | |
| ACT Municipal Services | 35,437 | 36,110 | 36,796 | 37,458 | 38,208 |
| Reduced Royalties | 60,817 | 78,446 | 74,173 | 71,334 | 71,589 |
| Royalties | 948,878 | 937,201 | 935,448 | 945,997 | 931,411 |
| Taxation Compensation in Respect of Snowy Hydro Limited | 28,383 | 57,000 | 57,000 | 57,000 | 57,000 |
| Total program expenses | 46,523,515 | 49,458,757 | 52,853,417 | 55,811,789 | 58,498,208 |

Program deliverables

General revenue assistance payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will make general revenue assistance payments to the States and Territories that reflect the requirements, the amounts and timeframes specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide GST revenue data on a monthly, quarterly and annual basis, and will maintain a schedule of estimates of annual net GST receipts, in accordance with the requirements of the *Intergovernmental Agreement on Federal Financial Relations*.

Program 1.5: Assistance to the States for Healthcare Services

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of healthcare services.

On 13 February 2011, COAG, reached a Heads of Agreement on *National Health Reform* which will form the basis of negotiations for a new *National Health Reform Agreement* to be signed by July 2011.

National Health Reform funding will be provided under the *National Health Reform* arrangements and will commence on 1 July 2012 replacing the National Healthcare Specific Purpose Payment (SPP). National Health Reform funding will have two elements: National Health Reform base funding—to be provided from 1 July 2012 sourced from the existing National Healthcare SPP—and Efficient growth funding—to be provided from 2014-15. National Health Reform funding will be paid into a *National Funding Pool* to support public hospital services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.6: Program 1.5 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| National Healthcare SPP - <i>Federal Financial Relations Act 2009</i> | 11,988,322 | 12,805,485 | - | - | |
| National Health Reform funding - <i>Federal Financial Relations Act 2009</i> | - | - | 13,676,183 | 14,597,818 | 16,154,205 |
| Total program expenses | 11,988,322 | 12,805,485 | 13,676,183 | 14,597,818 | 16,154,205 |

Note: The *Federal Financial Relations Act 2009* will be amended to implement the *National Health Reform Agreement*.

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Healthcare SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Healthcare SPP in the healthcare sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Healthcare SPP within the healthcare sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

From 1 July 2012, the National Health Reform funding will be paid into a *National Funding Pool*. The *Intergovernmental Agreement on Federal Financial Relations* will be amended to reflect the changed payment arrangements for healthcare.

Program 1.6: Assistance to the States for Schools

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of government and non-government school services.

Although the Treasury makes payments for non-government schools, the funding and expense for the non-government schools component is in the Education, Employment and Workplace Relations portfolio.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.7: Program 1.6 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| National Schools SPP - Government schools <i>Federal Financial Relations Act 2009</i> | 3,550,652 | 3,774,819 | 4,020,265 | 4,299,848 | 4,619,857 |
| Total program expenses | 3,550,652 | 3,774,819 | 4,020,265 | 4,299,848 | 4,619,857 |

Note: The non-government schools component appears in the Education, Employment and Workplace Relations portfolio and in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Schools SPP (government and non-government schools component) and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Schools SPP in the schools sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Schools SPP within the schools sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.7: Assistance to the States for Skills and Workforce Development

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of skills and workforce development services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.8: Program 1.7 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| National Skills and Workforce Development SPP - Federal Financial Relations Act 2009 | 1,339,358 | 1,363,132 | 1,390,463 | 1,416,743 | 1,445,715 |
| Total program expenses | 1,339,358 | 1,363,132 | 1,390,463 | 1,416,743 | 1,445,715 |

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Skills and Workforce Development SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Skills and Workforce Development SPP in the skills and workforce sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Skills and Workforce Development SPP within the skills and workforce sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.8: Assistance to the States for Disability Services

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of disability services.

From 1 July 2011, the Commonwealth will make an adjustment to ensure that the changes to Commonwealth and State roles and responsibilities for aged care and disability services, as part of the National Health Reform arrangements, are budget neutral. Subject to further negotiations on elements of the National Health Reform arrangements, it is anticipated that the adjustment to achieve budget neutrality will be made to either the National Healthcare SPP or the National Disability SPP.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.9: Program 1.8 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| National Disability Services SPP - <i>Federal Financial Relations Act 2009</i> | 1,052,019 | 1,207,731 | 1,276,843 | 1,348,413 | 1,431,873 |
| Changed roles and responsibilities - adjustment to achieve budget neutrality | - | 14,184 | 6,758 | 65 | 454 |
| Total program expenses | 1,052,019 | 1,221,915 | 1,283,601 | 1,348,478 | 1,432,327 |

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Disability Services SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Disability Services SPP in the disability services sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Disability Services SPP within the disability services sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.9: Assistance to the States for Affordable Housing

Program objective

The Government provides financial support for the States and Territories to be spent in the delivery of affordable housing services.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.10: Program 1.9 expenses

| | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|--|--|-----------------------------|--|--|--|
| Special appropriations | | | | | |
| National Affordable Housing SPP - <i>Federal Financial Relations Act 2009</i> | 1,221,831 | 1,242,603 | 1,266,212 | 1,289,004 | 1,314,784 |
| Total program expenses | 1,221,831 | 1,242,603 | 1,266,212 | 1,289,004 | 1,314,784 |

Program deliverables

Payments to the States and Territories are made according to the payment arrangements specified in the *Intergovernmental Agreement on Federal Financial Relations*.

Program key performance indicators

The Commonwealth Treasury will transfer to each State and Territory the amounts of their monthly and annual entitlements under the National Affordable Housing SPP and will make the payments on the dates specified in the *Intergovernmental Agreement on Federal Financial Relations*.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

The States and Territories are required to spend the National Affordable Housing SPP in the affordable housing sector. Each State and Territory Treasurer will provide a report to demonstrate expenditure of the National Affordable Housing SPP within the affordable housing sector in accordance with the *Intergovernmental Agreement on Federal Financial Relations*. The Commonwealth Treasury will review these reports provided by the States and Territories.

Program 1.10: National Partnership Payments to the States

Program objective

The Government provides financial support for the States and Territories to be spent on improving outcomes in the areas specified in each of the National Partnership agreements. These payments support the delivery of specified outputs or projects, facilitate reforms or reward those jurisdictions that deliver on nationally significant reforms.

This program is linked to the Agriculture, Fisheries and Forestry portfolio, Attorney-General's portfolio; Broadband, Communications and the Digital Economy portfolio; Climate Change and Energy Efficiency portfolio; Defence portfolio; Defence portfolio (Department of Veterans' Affairs); Education, Employment and Workplace Relations portfolio; Families, Housing, Community Services and Indigenous Affairs portfolio; Finance and Deregulation portfolio; Health and Ageing portfolio; Infrastructure and Transport portfolio; Prime Minister and Cabinet portfolio; Prime Minister and Cabinet portfolio (Department of Regional Australia, Regional Development and Local Government); Resources, Energy and Tourism portfolio; and Sustainability, Environment, Water, Population and Communities portfolio. Also refer to Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program expenses

Explanation of changes to program estimates across the forward years can be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Table 2.11: Program 1.10 expenses

| | Agency PBS Program | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--------------------------|--|-----------------------------|--|--|--|
| Special accounts | | | | | | |
| COAG Reform Fund | | | | | | |
| Agriculture, Fisheries and Forestry portfolio | | | | | | |
| Exceptional Circumstances | | | | | | |
| Assistance | 1.11 | 235,447 | 10,768 | - | - | - |
| Pilot of drought reform measures in Western Australia | 1.11 | 1,055 | 16,782 | 7,772 | 1,157 | - |
| Tasmanian Forest Contractors Financial Support Program | 1.3 | 5,616 | - | - | - | - |
| Exotic Disease Preparedness Program | 2.2 | 7,892 | 400 | 414 | 422 | 429 |
| Plant disease and eradication | 2.2 | 5,135 | 2,770 | - | - | - |
| Total | | 255,145 | 30,720 | 8,186 | 1,579 | 429 |

Table 2.11: Program 1.10 expenses (continued)

| | | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|---------|------------------|----------------|------------------|------------------|------------------|
| | Agency | Revised | Budget | Forward | Forward | Forward |
| | PBS | budget | | year 1 | year 2 | year 3 |
| | Program | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Attorney-General's portfolio | | | | | | |
| Legal assistance services | 1.3 | 190,797 | 194,784 | 198,280 | 201,540 | 205,772 |
| Native title | 1.5 | 6,000 | - | - | - | - |
| Natural disaster recovery and rebuilding relief appeals - Commonwealth contributions | 1.6 | 14,076 | - | - | - | - |
| Natural disaster resilience | 1.6 | 27,830 | 34,737 | 26,242 | 26,949 | 27,514 |
| Natural disaster recovery and rebuilding | 1.6 | 982,553 | 478,922 | 1,650,041 | 3,955,041 | 1,416,041 |
| Total | | 1,221,256 | 708,443 | 1,874,563 | 4,183,530 | 1,649,327 |
| Broadband, Communications and the Digital Economy portfolio | | | | | | |
| Digital regions initiative | 1.2 | 19,225 | 21,041 | 10,418 | - | - |
| Digital regions initiative - local government | 1.2 | 395 | 4 | 4 | - | - |
| Remote Indigenous public internet access | 1.2 | 2,299 | 2,013 | 2,073 | 2,121 | 2,171 |
| Total | | 21,919 | 23,058 | 12,495 | 2,121 | 2,171 |
| Department of Climate Change and Energy Efficiency portfolio | | | | | | |
| National Solar Schools Program (Government Schools) | 1.1 | - | 54,849 | 17,904 | - | - |
| Renewable remote power generation | 1.1 | 17,320 | 6,400 | - | - | - |
| Total | | 17,320 | 61,249 | 17,904 | - | - |
| Defence portfolio | | | | | | |
| School Pathways Program | 1.3 | 943 | 1,855 | 1,704 | 1,286 | - |
| Total | | 943 | 1,855 | 1,704 | 1,286 | - |
| Defence portfolio (Department of Veterans' Affairs) | | | | | | |
| Home and community care - services for veterans | 2.4 | 18,349 | 7,442 | 7,131 | 6,784 | 6,797 |
| Total | | 18,349 | 7,442 | 7,131 | 6,784 | 6,797 |
| Education, Employment and Workplace Relations portfolio | | | | | | |
| Early childhood education - universal access to early education | 1.3 | 97,000 | 297,000 | 447,000 | 460,410 | 460,410 |
| Indigenous early childhood development - children and family centres | 1.3 | 63,177 | 94,142 | 56,535 | 46,155 | - |
| National quality agenda for early childhood education and care | 1.3 | 7,747 | 13,093 | 21,328 | 19,080 | 19,080 |

Table 2.11: Program 1.10 expenses (continued)

| | Agency PBS Program | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--------------------------|--|-----------------------------|--|--|--|
| Education, Employment and Workplace Relations portfolio (continued) | | | | | | |
| TAFE fee waivers for childcare qualifications | 1.3 | 16,563 | 30,306 | 22,029 | 22,741 | 11,372 |
| Youth attainment and transitions | | | | | | |
| - maximising engagement, attainment and successful transitions | 2.1 | 37,502 | 37,502 | 37,502 | 18,751 | - |
| - year 12 attainment and transitions | 2.1 | - | 50,000 | - | 50,000 | - |
| Closing the Gap in the Northern Territory | | | | | | |
| - supporting remote schools - additional teachers | 2.3 | 29,200 | 32,300 | 12,400 | - | - |
| - quality teaching, accelerated literacy | 2.3 | 16,290 | 12,289 | - | - | - |
| - teacher housing | 2.3 | 4,918 | - | - | - | - |
| Schools - support for improving learning experiences and educational outcomes for school students with disability | 2.4 | - | 61,162 | 61,370 | 30,681 | - |
| Building Australia's Future Workforce | | | | | | |
| - training places for single and teen parents | 2.2 | - | 6,666 | 20,000 | 26,667 | 26,667 |
| - vocational education and training | 2.4 | - | - | 238,351 | 238,351 | 238,351 |
| Trade training centres in schools (Government) | 2.4 | 203,880 | 158,220 | 164,880 | 171,780 | 179,040 |
| Digital education revolution (Government Schools) | 2.5 | 63,000 | 126,000 | 126,000 | 126,000 | 126,000 |
| Smarter schools - literacy and numeracy | 2.6 | 175,000 | 175,000 | - | - | - |
| Building the education revolution - primary schools for the 21st century (Government Schools) | 2.7 | 3,717,363 | 309,658 | - | - | - |
| Smarter schools - low SES school communities | 2.8 | 203,258 | 371,032 | 362,908 | 225,771 | 173,964 |
| Smarter schools - improving teacher quality | 2.9 | 34,000 | 216,000 | 175,000 | - | - |
| Pre-apprenticeship training | 3.5 | 19,962 | - | - | - | - |
| Productivity Places Program | 3.5 | 319,424 | 375,863 | - | - | - |
| Total | | 5,008,284 | 2,366,233 | 1,745,303 | 1,436,387 | 1,234,884 |

Table 2.11: Program 1.10 expenses (continued)

| | Agency PBS Program | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--------------------------|--|-----------------------------|--|--|--|
| Families, Housing, Community Services and Indigenous Affairs portfolio | | | | | | |
| Homelessness | 2.2 | 130,501 | 131,501 | 156,501 | - | - |
| Nation Building and Jobs Plan - Social housing - second stage construction | 2.2 | 1,294,000 | 162,000 | - | - | - |
| Victorian bushfire reconstruction and recovery plan | 3.4 | 6,930 | - | - | - | - |
| Certain concessions for pensioners and senior card holders | | | | | | |
| - certain concessions for pensioners | 4.2 | 244,519 | 254,567 | 262,870 | 272,028 | 281,532 |
| - national reciprocal transport concessions | 4.2 | 13,179 | 14,231 | 12,500 | 12,500 | 12,500 |
| Remote Indigenous housing | 7.2 | 674,989 | 525,584 | 473,685 | 537,797 | 491,963 |
| Closing the Gap in the Northern Territory | | | | | | |
| - community safety - family support | 7.5 | 5,269 | 5,476 | - | - | - |
| - field operations | 7.5 | 2,907 | 4,278 | - | - | - |
| - food security | 7.5 | 370 | 220 | - | - | - |
| - property and tenancy management rent reimbursement | 7.5 | 3,277 | 4,892 | - | - | - |
| - remote policing and substance abuse | 7.5 | 50,095 | 60,074 | - | - | - |
| Improving policing in very remote areas | 7.5 | 1,000 | - | - | - | - |
| Total | | 2,427,036 | 1,162,823 | 905,556 | 822,325 | 785,995 |
| Finance and Deregulation portfolio | | | | | | |
| Seamless national economy | 1.1 | - | 200,000 | 250,000 | - | - |
| Total | | - | 200,000 | 250,000 | - | - |
| Health and Ageing portfolio | | | | | | |
| National bowel cancer screening | 1.1 | 1,398 | - | - | - | - |
| Victorian cytology service | 1.1 | 7,334 | 7,700 | 8,085 | 8,497 | 8,949 |
| National antimicrobial utilisation surveillance program | 1.2 | 300 | - | - | - | - |
| Essential vaccines | 1.5 | 306,845 | 371,179 | 360,151 | 348,057 | 344,926 |
| Preventive health | | | | | | |
| - enabling infrastructure | 1.6 | 5,000 | 2,500 | 2,500 | 2,500 | - |
| - healthy children | 1.6 | - | 32,455 | 64,912 | 97,367 | 130,790 |
| - healthy workers | 1.6 | - | 33,552 | 62,556 | 88,161 | 105,150 |
| - social marketing | 1.6 | 6,001 | 6,001 | 6,001 | 6,001 | - |

Table 2.11: Program 1.10 expenses (continued)

| | Agency PBS Program | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--------------------------|--|-----------------------------|--|--|--|
| Health and Ageing portfolio (continued) | | | | | | |
| PET scanner for the Westmead Hospital, Sydney | 3.3 | 1,300 | | 1,300 | 1,300 | 1,300 |
| Cairns integrated cancer centre | 3.5 | 2,000 | | - | - | - |
| Tasmanian health package - radiation oncology services in North / North West Tasmania | 3.5 | 2,664 | | 400 | - | - |
| - upgrading patient accommodation for Launceston | 3.5 | 500 | | - | - | - |
| Aged care assessment | 4.1 | 72,729 | | 8,667 | - | - |
| Transitioning responsibilities for aged care and disability services | | | | | | |
| - basic community care maintenance and support services | 4.4 | 1,295,808 | | 502,657 | 544,006 | 588,755 |
| - specialist disability services | 4.4 | - | | 229,715 | 234,418 | 238,493 |
| National Health Reform - financial assistance for long stay older patients | 4.7 | - | | 92,611 | 78,385 | - |
| Healthy kids health checks | 5.2 | 1,804 | | 1,972 | 1,988 | 1,988 |
| Closing the Gap in the Northern Territory - Indigenous health and related services | 8.1 | 5,673 | | 829 | - | - |
| Indigenous early childhood development - antenatal and reproductive health | 8.1 | 21,883 | | 24,257 | 24,363 | 5,954 |
| Reducing acute rheumatic heart fever among Indigenous children | 8.1 | 2,383 | | 2,523 | 2,571 | 2,625 |
| Satellite renal dialysis facilities in remote Northern Territory communities | 8.1 | 272 | | - | - | - |
| Sexual assault counselling in remote Northern Territory areas | 8.1 | 1,386 | | 461 | - | - |
| Children's cancer centre, Adelaide | 10.1 | 8,000 | | - | - | - |
| Health and Hospitals Fund - National cancer system | 10.1 | 202,225 | | 367,789 | 26,428 | 4,779 |
| OzFoodNet | 10.5 | 1,598 | | 1,644 | 1,673 | 1,706 |
| Vaccine-preventable diseases surveillance | 10.5 | 1,210 | | 781 | 799 | 817 |

Table 2.11: Program 1.10 expenses (continued)

| | Agency PBS Program | 2010-11 Revised budget \$'000 | 2011-12 Budget \$'000 | 2012-13 Forward year 1 \$'000 | 2013-14 Forward year 2 \$'000 | 2014-15 Forward year 3 \$'000 |
|---|--------------------------|--|-----------------------------|--|--|--|
| Health and Ageing portfolio (continued) | | | | | | |
| Health and Hospitals Fund | | | | | | |
| - Transitional research and workforce training | 10.5 | - | 26,000 | 25,000 | 20,000 | - |
| - Hospital infrastructure and other projects of national significance | 10.6 | 228,700 | 429,000 | 193,000 | 77,600 | 50,000 |
| - Regional priority round | | | | | | |
| - Port Macquarie Base Hospital Expansion | 10.6 | - | 14,100 | 22,600 | 38,500 | 20,800 |
| - Royal Hobart Hospital Redevelopment | 10.6 | - | 20,016 | 38,606 | 50,000 | 50,000 |
| - Additional component | 10.6 | - | 66,590 | 95,506 | 191,970 | 245,000 |
| Mental health | 11.1 | - | 21,352 | 43,473 | 44,269 | 45,049 |
| National Health Reform - expanding the Early Psychosis Prevention and Intervention Centre model | 11.1 | 5,885 | 8,100 | 28,200 | 50,200 | 70,200 |
| National perinatal depression initiative | 11.1 | 6,401 | 9,501 | 8,700 | 8,700 | 8,700 |
| Northern Territory medical school funding contribution | 12.1 | 532 | 1,628 | 2,212 | 2,252 | 2,297 |
| Hepatitis C settlement fund | 13.1 | 355 | 1,400 | - | - | - |
| Extension of the COAG Long Stay Older Patients Initiative | 13.3 | 37,500 | 37,500 | 37,500 | 37,500 | 37,500 |
| Commonwealth Dental Health Program | 13.3 | - | 94,300 | 96,700 | 99,000 | - |
| Elective surgery waiting list reduction plan | 13.3 | 268,000 | - | - | - | - |
| Funding for Grafton Hospital | 13.3 | 1,000 | 5,000 | - | - | - |
| Health care grants for the Torres Strait | 13.3 | 3,969 | 4,166 | 4,365 | 4,443 | 4,532 |
| Hospital and health workforce reform | 13.3 | - | 41,400 | 55,520 | - | - |
| National Health Reform | | | | | | |
| - expansion of subacute care in multi-purpose services | 13.3 | 24,950 | 43,000 | 35,000 | 17,050 | - |
| - flexible funding for emergency departments, elective surgery and subacute care | 13.3 | 94,289 | 25,000 | 25,000 | - | - |
| - four hour national access target for emergency departments - capital funding | 13.3 | 105,390 | 50,000 | 50,000 | - | - |
| - four hour national access target for emergency departments - facilitation and reward funding | 13.3 | 175,000 | 100,000 | 75,000 | 150,000 | - |

Table 2.11: Program 1.10 expenses (continued)

| | | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|---------|------------------|------------------|------------------|------------------|------------------|
| | Agency | Revised | Budget | Forward | Forward | Forward |
| | PBS | budget | Budget | year 1 | year 2 | year 3 |
| | Program | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Health and Ageing portfolio (continued) | | | | | | |
| National Health Reform | | | | | | |
| - improving access to elective surgery - capital funding | 13.3 | 91,625 | 25,000 | - | - | - |
| - improving access to elective surgery - facilitation and reward funding | 13.3 | 355,000 | 158,000 | 21,000 | 116,000 | - |
| - new subacute beds guarantee funding | 13.3 | 233,600 | 317,600 | 446,600 | 625,500 | - |
| Tasmanian health package | | | | | | |
| - patient transport and accommodation services | 13.3 | 2,300 | 1,150 | - | - | - |
| Health infrastructure projects in Tasmania | 13.3 | - | 1,400 | - | - | - |
| Contribution towards the new Women's and Children's Hospital in Hobart | | | | | | |
| | 13.3 | 100,000 | - | - | - | - |
| Royal Darwin hospital - equipped, prepared, and ready | | | | | | |
| | 14.1 | 14,212 | 14,481 | 14,756 | 15,007 | 15,307 |
| National public health - human quarantine services | | | | | | |
| | 14.1 | 106 | 108 | 110 | 112 | 114 |
| Torres Strait health protection strategy | | | | | | |
| | 14.1 | 895 | 913 | 929 | 945 | 964 |
| Total | | 3,698,022 | 4,356,492 | 3,059,588 | 3,015,562 | 1,986,695 |
| Infrastructure and Transport portfolio | | | | | | |
| Nation Building Plan for the Future | | | | | | |
| - Building Australia Fund - Rail | | | | | | |
| | 1.1 | 399,100 | 719,200 | 655,400 | 858,000 | 500,000 |
| - Building Australia Fund - Road | | | | | | |
| | 1.1 | 432,000 | 848,000 | 890,000 | 41,000 | - |
| - Major Cities - Rail | | | | | | |
| | 1.1 | 30,200 | 60,600 | 101,200 | 37,000 | - |
| National smart-managed motorways | | | | | | |
| | 1.1 | - | 19,952 | 20,046 | 20,042 | - |
| Nation Building Program | | | | | | |
| - black spot projects | | | | | | |
| | 1.1 | 50,384 | 74,500 | 59,500 | 59,500 | - |
| - heavy vehicle safety and productivity | | | | | | |
| | 1.1 | 15,952 | 28,000 | - | - | - |
| - improving the national network | | | | | | |
| | 1.1 | 49,246 | 7,000 | - | - | - |
| - investment - rail | | | | | | |
| | 1.1 | 18,700 | 122,795 | 287,397 | 266,486 | 150,000 |
| - investment - road | | | | | | |
| | 1.1 | 1,807,735 | 2,913,860 | 2,742,975 | 2,788,883 | 176,300 |
| - off-network projects - rail | | | | | | |
| | 1.1 | 48,000 | 90,100 | 76,272 | 140,000 | - |
| - off-network projects - road | | | | | | |
| | 1.1 | 95,644 | 90,521 | 123,702 | 122,754 | - |
| - off-network supplementary | | | | | | |
| | 1.1 | 1,100 | - | - | - | - |

Table 2.11: Program 1.10 expenses (continued)

| | | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---------|------------------|------------------|------------------|------------------|------------------|
| | Agency | Revised | Budget | Forward | Forward | Forward |
| | PBS | budget | | year 1 | year 2 | year 3 |
| | Program | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Infrastructure and Transport portfolio (continued) | | | | | | |
| Regional Infrastructure Fund - committed infrastructure and economic infrastructure projects | 1.1 | 12,000 | 42,400 | 419,300 | 578,753 | 665,500 |
| Seamless national economy | | | | | | |
| - National Heavy Vehicles Transport Regulator | 2.2 | 1,710 | 1,800 | 1,000 | - | - |
| - National Rail Transport Safety Regulator | 2.2 | 610 | 1,400 | 600 | - | - |
| Interstate road transport | 2.2 | 76,510 | 81,010 | 85,060 | 89,314 | 93,779 |
| Fort Street High School noise insulation | 2.4 | 6,000 | 4,500 | - | - | - |
| Local Government and Regional Development - infrastructure employment projects | 3.1 | 13,000 | 16,500 | - | - | - |
| Total | | 3,057,891 | 5,122,138 | 5,462,452 | 5,001,732 | 1,585,579 |
| Prime Minister and Cabinet portfolio | | | | | | |
| World sailing championships | 3.1 | 2,000 | 3,600 | - | - | - |
| Total | | 2,000 | 3,600 | - | - | - |
| Prime Minister and Cabinet portfolio (Department of Regional Australia, Regional Development and Local Government) | | | | | | |
| East Kimberley development package | | | | | | |
| - education-related projects | 1.1 | 10,660 | 16,830 | 4,210 | - | - |
| - health-related projects | 1.1 | 6,260 | 14,570 | 2,830 | - | - |
| - social and transitional housing projects | 1.1 | 20,640 | 4,360 | - | - | - |
| - other infrastructure projects | 1.1 | 5,800 | 1,450 | - | - | - |
| Regional Infrastructure Fund - Regional Development Australia Fund | 1.1 | - | - | 285,000 | 288,000 | - |
| Local Government and Regional Development - Local Government Reform Fund | 1.2 | 8,114 | 9,783 | 3,301 | - | - |
| Centenary of Canberra 2013 | | | | | | |
| - a gift to the national capital | 2.1 | - | 27,000 | 25,000 | 5,000 | 5,000 |
| - Joint National Program | 2.1 | - | 2,600 | 2,040 | 991 | - |
| Total | | 51,474 | 76,593 | 322,381 | 293,991 | 5,000 |

Table 2.11: Program 1.10 expenses (continued)

| | | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---------|------------|------------|------------|------------|-----------|
| | Agency | Revised | Budget | Forward | Forward | Forward |
| | PBS | budget | Budget | year 1 | year 2 | year 3 |
| | Program | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Resources, Energy and Tourism portfolio | | | | | | |
| Environment Management of the Former Rum Jungle mine site | 2.0 | 1,200 | 2,400 | 1,474 | - | - |
| Total | | 1,200 | 2,400 | 1,474 | - | - |
| Sustainability, Environment, Water, Population and Communities portfolio | | | | | | |
| Caring for our Country | 1.1 | 143,400 | 143,400 | 143,400 | - | - |
| Bioremediation and revegetation | 4.1 | 4,702 | - | - | - | - |
| Great Artesian Basin Sustainability Initiative | 4.1 | 9,317 | 30,397 | 15,085 | 15,085 | - |
| Water for the Future | 4.1 | 192,245 | 613,004 | 56,100 | - | - |
| Total | | 349,664 | 786,801 | 214,585 | 15,085 | - |
| Treasury portfolio | | | | | | |
| First Home Owners Boost | 1.10 | 177,674 | 22,195 | 484 | - | - |
| Standard Business Reporting Program | 1.10 | 5,907 | - | - | - | - |
| Total | | 183,581 | 22,195 | 484 | - | - |
| Total program expenses | | 16,314,084 | 14,932,042 | 13,883,806 | 14,780,382 | 7,256,877 |

Note: These items can also be found in Budget Paper No. 3, *Australia's Federal Relations 2011-12*.

Program deliverables

Payments to the States and Territories will be made on the basis set out in each of the National Partnership agreements and any related agreements.

Program key performance indicators

The Commonwealth Treasury will make payments to the States and Territories that reflect the requirements, the amounts and timeframes set out in each of the National Partnership agreements and any related agreements. These payments will only be made upon the Commonwealth Treasury's receipt of authorisations from the relevant agency in respect of performance benchmarks or payment schedules set out in each of the National Partnership agreements.

The Commonwealth Treasury will provide advice to the States and Territories on the components of each payment prior to each payment being made.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the Treasury’s finances for 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example under annual Appropriation Acts. Funds not used in the specified period with the agreement of the Finance Minister may be moved to a future year. Table 3.1.1 shows the movement of administered funds approved between years.

Table 3.1.1: Movement of Administered Funds between years

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---------|---------|---------|---------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Program 1.1 ¹ | (9,381) | 9,381 | - | - | - |
| Total Movement of Administered Funds | (9,381) | 9,381 | - | - | - |

1. The movement of funds relates to the expected delay in the Competitive and Sustainable Banking System reform plan — public awareness and education campaign that is now expected to commence in 2011-12 rather than 2010-11.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister’s Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the Treasury.

Table 3.1.2: Estimates of special account cash flows and balances

| | | Opening balance 2011-12 2010-11 | Receipts non- appropriated 2011-12 2010-11 | Receipts appropriated 2011-12 2010-11 | Payments 2011-12 2010-11 | Closing balance 2011-12 2010-11 |
|---|---------|---|---|---|---------------------------------------|---|
| | Outcome | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Actuarial Services Special Account(D) | 1 | 2,205 2,205 | 1,629 1,629 | - - | 1,629 1,629 | 2,205 2,205 |
| COAG Reform Fund Special Account(A) | 1 | - - | 16,538,551 20,410,778 | - - | 16,538,551 20,410,778 | - - |
| Financial System Stability Special Account(A) | 1 | - - | - - | - - | - - | - - |
| Other Trust Moneys Account(D) | 1 | - - | - - | - - | - - | - - |
| Services for other Governments and Non-agency Bodies Account(D) | 1 | - - | - - | - - | - - | - - |
| Total special accounts | | | | | | |
| 2011-12 Budget estimate | | 2,205 | 16,540,180 | - | 16,540,180 | 2,205 |
| Total special accounts 2010-11 estimate actual | | 2,205 | 20,412,407 | - | 20,412,407 | 2,205 |

(A) Administered.

(D) Departmental.

3.1.3 Australian Government Indigenous Expenditure

The Treasury does not have any Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between the resource information presented in the Budget Papers and Portfolio Budget Statements as a result of differences between Australian Accounting Standards and Government Finance Statistics.

3.2.2 Analysis of budgeted financial statements

The Treasury is budgeting towards a departmental breakeven operating result for 2011-12 after non appropriated expenses are added back.

The Treasury has a sound financial position and currently has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|---|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 121,000 | 119,058 | 114,353 | 108,576 | 109,405 |
| Supplier | 44,776 | 43,609 | 42,245 | 40,237 | 40,674 |
| Grants | 2,420 | 1,080 | 1,080 | 1,080 | 1,080 |
| Depreciation and amortisation | 11,336 | 11,336 | 11,335 | 11,331 | 11,331 |
| Total expenses | 179,532 | 175,083 | 169,013 | 161,224 | 162,490 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Revenue | | | | | |
| Sale of goods and rendering of services | 9,108 | 11,868 | 11,868 | 11,868 | 11,868 |
| Other revenue | 290 | 742 | 742 | 742 | 742 |
| Total revenue | 9,398 | 12,610 | 12,610 | 12,610 | 12,610 |
| Gains | | | | | |
| Other gains | 530 | 550 | 550 | 550 | 550 |
| Total gains | 530 | 550 | 550 | 550 | 550 |
| Total own-source income | 9,928 | 13,160 | 13,160 | 13,160 | 13,160 |
| Net cost of (contribution by) services | 169,604 | 161,923 | 155,853 | 148,064 | 149,330 |
| Appropriation revenue | 158,268 | 150,587 | 144,518 | 136,733 | 137,999 |
| Surplus (deficit) attributable to the Australian Government | (11,336) | (11,336) | (11,335) | (11,331) | (11,331) |
| Note: Reconciliation of operating result attributable to the agency | | | | | |
| | 2010-11 \$'000 | 2011-12 \$'000 | 2012-13 \$'000 | 2013-14 \$'000 | 2014-15 \$'000 |
| Operating result attributable to the Australian Government | (11,336) | (11,336) | (11,335) | (11,331) | (11,331) |
| Plus non-appropriated expenses depreciation and amortisation expenses | 11,336 | 11,336 | 11,335 | 11,331 | 11,331 |
| Operating result attributable to the Treasury | - | - | - | - | - |

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and equivalents | 4,194 | 4,194 | 4,194 | 4,194 | 4,194 |
| Trade and other receivables | 76,256 | 78,256 | 80,256 | 82,256 | 84,256 |
| Total financial assets | 80,450 | 82,450 | 84,450 | 86,450 | 88,450 |
| Non-financial assets | | | | | |
| Land and buildings | 8,890 | 7,866 | 6,852 | 5,848 | 4,854 |
| Infrastructure, plant and equipment | 8,069 | 8,972 | 9,906 | 10,882 | 11,915 |
| Intangibles | 32,607 | 28,460 | 24,234 | 20,129 | 16,198 |
| Other | 1,799 | 1,799 | 1,799 | 1,799 | 1,799 |
| Total non-financial assets | 51,365 | 47,097 | 42,791 | 38,658 | 34,766 |
| Total assets | 131,815 | 129,547 | 127,241 | 125,108 | 123,216 |
| LIABILITIES | | | | | |
| Interest bearing liabilities | | | | | |
| Leases | 40 | 40 | 40 | 40 | 40 |
| Total interest bearing liabilities | 40 | 40 | 40 | 40 | 40 |
| Provisions | | | | | |
| Employees | 43,194 | 45,194 | 47,194 | 49,194 | 51,194 |
| Total provisions | 43,194 | 45,194 | 47,194 | 49,194 | 51,194 |
| Payables | | | | | |
| Suppliers | 1,662 | 1,662 | 1,662 | 1,662 | 1,662 |
| Other | 10,014 | 10,014 | 10,014 | 10,014 | 10,014 |
| Total payables | 11,676 | 11,676 | 11,676 | 11,676 | 11,676 |
| Total liabilities | 54,910 | 56,910 | 58,910 | 60,910 | 62,910 |
| Net assets | 76,905 | 72,637 | 68,331 | 64,198 | 60,306 |
| EQUITY | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 46,621 | 53,689 | 60,718 | 67,916 | 75,355 |
| Reserves | 5,246 | 5,246 | 5,246 | 5,246 | 5,246 |
| Retained surpluses or accumulated deficits | 25,038 | 13,702 | 2,367 | (8,964) | (20,295) |
| Total equity | 76,905 | 72,637 | 68,331 | 64,198 | 60,306 |
| Current assets | 82,249 | 84,249 | 86,249 | 88,249 | 90,249 |
| Non-current assets | 49,566 | 45,298 | 40,992 | 36,859 | 32,967 |
| Current liabilities | 50,517 | 52,357 | 54,197 | 56,037 | 57,877 |
| Non-current liabilities | 4,393 | 4,553 | 4,713 | 4,873 | 5,033 |

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | 9,108 | 11,868 | 11,868 | 11,868 | 11,868 |
| Appropriations | 159,266 | 148,587 | 142,518 | 134,733 | 135,999 |
| Other | 290 | 742 | 742 | 742 | 742 |
| Total cash received | 168,664 | 161,197 | 155,128 | 147,343 | 148,609 |
| Cash used | | | | | |
| Employees | 119,000 | 117,058 | 112,353 | 106,576 | 107,405 |
| Suppliers | 44,246 | 43,059 | 41,695 | 39,687 | 40,124 |
| Grants | 2,420 | 1,080 | 1,080 | 1,080 | 1,080 |
| Borrowing costs | - | - | - | - | - |
| Total cash used | 165,666 | 161,197 | 155,128 | 147,343 | 148,609 |
| Net cash from or (used by) operating activities | 2,998 | - | - | - | - |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Total cash used | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Net cash from or (used by) investing activities | (7,857) | (7,068) | (7,029) | (7,198) | (7,439) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations - contributed equity | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Total cash received | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Net cash from or (used by) financing activities | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Net increase or (decrease) in cash held | 2,998 | - | - | - | - |
| Cash at the beginning of the reporting period | 1,196 | 4,194 | 4,194 | 4,194 | 4,194 |
| Cash at the end of the reporting period | 4,194 | 4,194 | 4,194 | 4,194 | 4,194 |

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2011-12)

| | Retained surpluses \$'000 | Asset revaluation reserve \$'000 | Other reserves \$'000 | Contributed equity/ capital \$'000 | Total equity \$'000 |
|---|---------------------------------|---|-----------------------------|---|---------------------------|
| Opening balance as at 1 July 2011 | | | | | |
| Balance carried forward from previous period | 25,038 | 5,246 | - | 46,621 | 76,905 |
| Adjusted opening balance | 25,038 | 5,246 | - | 46,621 | 76,905 |
| Comprehensive income | | | | | |
| Surplus (deficit) for the period | (11,336) | - | - | - | (11,336) |
| Total comprehensive income recognised directly in equity | (11,336) | - | - | - | (11,336) |
| Transactions with owners | | | | | |
| <i>Contribution by owners</i> | | | | | |
| Appropriation (equity injection) | - | - | - | 583 | 583 |
| Appropriation (departmental capital budget) | - | - | - | 6,485 | 6,485 |
| Total transactions with owners | - | - | - | 7,068 | 7,068 |
| Estimated closing balance as at 30 June 2012 | 13,702 | 5,246 | - | 53,689 | 72,637 |

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|--|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Capital budget - Bill 1 - DCB | 6,462 | 6,485 | 6,529 | 6,615 | 6,856 |
| Total equity injections | 1,395 | 583 | 500 | 583 | 583 |
| Total capital appropriations | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Represented by: | | | | | |
| Purchase of non-financial assets | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Total represented by | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations | 1,395 | 583 | 500 | 583 | 583 |
| Funded by capital appropriation - DCB | 6,462 | 6,485 | 6,529 | 6,615 | 6,856 |
| TOTAL | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |
| Total cash used to acquire assets | 7,857 | 7,068 | 7,029 | 7,198 | 7,439 |

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (budget year 2011-12)

| | Buildings \$'000 | Other infrastructure, plant and equipment \$'000 | Intangibles \$'000 | Total \$'000 |
|---|---------------------|--|-----------------------|-----------------|
| As at 1 July 2011 | | | | |
| Gross book value | 20,300 | 16,296 | 43,968 | 80,564 |
| Accumulated depreciation/amortisation and impairment | 11,410 | 8,227 | 11,361 | 30,998 |
| Opening net book balance | 8,890 | 8,069 | 32,607 | 49,566 |
| Capital asset additions | | | | |
| By purchase - appropriation equity | - | - | 583 | 583 |
| By purchase - appropriation ordinary annual services | 500 | 2,954 | 3,031 | 6,485 |
| Total additions | 500 | 2,954 | 3,614 | 7,068 |
| Other movements | | | | |
| Depreciation/amortisation expense | 1,524 | 2,051 | 7,761 | 11,336 |
| Total other movements | 1,524 | 2,051 | 7,761 | 11,336 |
| As at 30 June 2012 | | | | |
| Gross book value | 20,800 | 19,250 | 47,582 | 87,632 |
| Accumulated depreciation/amortisation and impairment | 12,934 | 10,278 | 19,122 | 42,334 |
| Closing net book balance | 7,866 | 8,972 | 28,460 | 45,298 |

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|--|--|---|--|--|--|
| INCOME ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Revenue | | | | | |
| Non-taxation | | | | | |
| Goods and services | 1,899,926 | 1,688,629 | 1,428,130 | 1,209,911 | 734,993 |
| Interest | 4,546 | 11,260 | 16,582 | 20,022 | 21,370 |
| Dividends | - | - | - | - | 57,000 |
| Nation Building and COAG transfers | 1,338,535 | 2,623,732 | 2,372,961 | 1,392,812 | 964,358 |
| Other sources of non-taxation revenues | 54,235 | 18,100 | 2,500 | 2,500 | 2,500 |
| Total non-taxation | 3,297,242 | 4,341,721 | 3,820,173 | 2,625,245 | 1,780,221 |
| Total revenue administered on behalf of government | 3,297,242 | 4,341,721 | 3,820,173 | 2,625,245 | 1,780,221 |
| Gains | | | | | |
| Foreign exchange | - | 1,330 | 12,229 | 72,006 | 74,333 |
| Total gains administered on behalf of government | - | 1,330 | 12,229 | 72,006 | 74,333 |
| Total income administered on behalf of government | 3,297,242 | 4,343,051 | 3,832,402 | 2,697,251 | 1,854,554 |
| EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Grants | 82,044,781 | 84,801,325 | 88,378,448 | 93,548,063 | 90,722,974 |
| Interest | 18,892 | 22,936 | 22,971 | 23,175 | 23,349 |
| Other | 11,114 | 14,112 | 675 | 675 | 675 |
| Losses | | | | | |
| Foreign exchange losses | 28,601 | - | - | - | - |
| Total expenses administered on behalf of government | 82,103,388 | 84,838,373 | 88,402,094 | 93,571,913 | 90,746,998 |

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|---|--|---|--|--|--|
| ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 4,063 | 4,063 | 4,063 | 4,063 | 4,063 |
| Advances and loans | 98,122 | 571,348 | 626,273 | 685,792 | 699,344 |
| Receivables | 2,337,713 | 1,371,634 | 727,575 | 271,065 | 153,429 |
| Investments | 16,707,089 | 21,983,700 | 22,045,104 | 22,206,298 | 22,370,367 |
| Total financial assets | 19,146,987 | 23,930,745 | 23,403,015 | 23,167,218 | 23,227,203 |
| Non financial assets | | | | | |
| Prepayments | 2,557,000 | 3,050,000 | 2,398,000 | 354,000 | - |
| Total non financial assets | 2,557,000 | 3,050,000 | 2,398,000 | 354,000 | - |
| Total assets administered on behalf of government | 21,703,987 | 26,980,745 | 25,801,015 | 23,521,218 | 23,227,203 |
| LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT | | | | | |
| Interest bearing liabilities | | | | | |
| Loans | 3,742,245 | 7,078,162 | 6,443,008 | 6,467,338 | 6,491,483 |
| Other | 4,975,812 | 4,924,476 | 4,924,476 | 4,967,965 | 5,012,237 |
| Total interest bearing liabilities | 8,718,057 | 12,002,638 | 11,367,484 | 11,435,303 | 11,503,720 |
| Payables | | | | | |
| Grants and subsidies | 128,174 | 111,463 | 105,839 | 106,622 | 105,352 |
| Other payables | 2,210,199 | 1,305,078 | 672,961 | 250,691 | 149,835 |
| Total payables | 2,338,373 | 1,416,541 | 778,800 | 357,313 | 255,187 |
| Total liabilities administered on behalf of government | 11,056,430 | 13,419,179 | 12,146,284 | 11,792,616 | 11,758,907 |

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|--|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Sales of goods and rendering of services | 1,252,714 | 1,015,124 | 740,992 | 544,455 | 144,699 |
| Interest | 3,630 | 8,385 | 11,368 | 12,305 | 12,415 |
| Dividends | 750,000 | - | - | - | 57,000 |
| Grants | 8,279,602 | 10,103,554 | 10,444,736 | 10,108,451 | 10,511,148 |
| Other | 54,235 | 18,100 | 2,500 | 2,500 | 2,500 |
| Total cash received | 10,340,181 | 11,145,163 | 11,199,596 | 10,667,711 | 10,727,762 |
| Cash used | | | | | |
| Grant payments | 88,014,562 | 91,580,143 | 95,095,767 | 99,515,242 | 99,308,960 |
| Interest paid | 17,279 | 22,936 | 22,936 | 23,141 | 23,349 |
| Other | 77,580 | 29,393 | 9,419 | 4,675 | 1,675 |
| Total cash used | 88,109,421 | 91,632,472 | 95,128,122 | 99,543,058 | 99,333,984 |
| Net cash from or (used by) operating activities | (77,769,240) | (80,487,309) | (83,928,526) | (88,875,347) | (88,606,222) |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other investing activities | 401,962 | - | - | - | - |
| Total cash received | 401,962 | - | - | - | - |
| Cash used | | | | | |
| Purchase of investments | 446,796 | 1,950,154 | 684,329 | 25,686 | 25,916 |
| Advances and loans | 2,562,500 | 550,000 | 50,000 | 47,500 | - |
| Other | 90,185 | 421,868 | - | - | - |
| Total cash used | 3,099,481 | 2,922,022 | 734,329 | 73,186 | 25,916 |
| Net cash from or (used by) investing activities | (2,697,519) | (2,922,022) | (734,329) | (73,186) | (25,916) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Other | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Net cash from or (used by) financing activities | | | | | |
| - | - | - | - | - | - |
| Net increase or (decrease) in cash held | | | | | |
| (80,466,759) | (83,409,331) | (84,662,855) | (88,948,533) | (88,632,138) | |
| Cash at beginning of reporting period | 4,063 | 4,063 | 4,063 | 4,063 | 4,063 |
| Cash from Official Public Account - appropriations | 84,267,825 | 87,074,662 | 87,790,666 | 90,900,595 | 89,813,100 |
| Cash to Official Public Account | 3,801,066 | 3,665,331 | 3,127,811 | 1,952,062 | 1,180,962 |
| Cash at end of reporting period | 4,063 | 4,063 | 4,063 | 4,063 | 4,063 |

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

| | Estimated actual 2010-11 \$'000 | Budget estimate 2011-12 \$'000 | Forward estimate 2012-13 \$'000 | Forward estimate 2013-14 \$'000 | Forward estimate 2014-15 \$'000 |
|--------------------------------------|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Administered assets and liabilities | 14,765 | 62,708 | 54,244 | 47,500 | - |
| Special appropriations | 532,059 | 2,372,022 | 684,329 | 25,686 | 25,916 |
| Total capital appropriations | 546,824 | 2,434,730 | 738,573 | 73,186 | 25,916 |
| Represented by: | | | | | |
| International Financial Institutions | 532,059 | 2,372,022 | 684,329 | 25,686 | 25,916 |
| Other | 14,765 | 62,708 | 54,244 | 47,500 | - |
| Total represented by | 546,824 | 2,434,730 | 738,573 | 73,186 | 25,916 |

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The Treasury's budgeted statements are prepared on an accrual basis in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

Under the Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that departments control (departmental transactions) are separately budgeted for, and reported on, from transactions departments do not have control over (administered transactions). This ensures that departments are only held accountable for the transactions over which they have control.

Departmental assets, liabilities, revenues and expenses are controlled by the department. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the department in providing goods and services.

Administered items are revenues, expenses, assets or liabilities which are managed by the department on behalf of the Government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments, and administered revenues include taxes, fines and excises.

